

UNITED STATES DISTRICT COURT
DISTRICT OF MASSACHUSETTS

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

TELEXFREE, INC.,
TELEXFREE LLC,
JAMES M. MERRILL,
CARLOS N. WANZELER,
STEVEN M. LABRIOLA,
JOSEPH H. CRAFT,
SANDERLEY RODRIGUES DE
VASCONCELOS,
SANTIAGO DE LA ROSA,
RANDY N. CROSBY and
FAITH R. SLOAN,

Defendants,

and

TELEXFREE FINANCIAL, INC.,
TELEXELECTRIC, LLC and
TELEX MOBILE HOLDINGS, INC.,

Relief Defendants.

No. 1:14-CV-11858-NMG

**STATUS REPORT OF THE DEPARTMENT OF JUSTICE
CONCERNING PARALLEL CRIMINAL PROCEEDINGS**

By an order dated October 8, 2014, the Court granted the Department of Justice's motion to intervene in these proceedings, and further granted its motion to stay discovery until parallel criminal proceedings are resolved. *See* Order at 10 (Dkt # 275). Over time, the Court has also ordered the Department of Justice ("DOJ") to file status reports on the progress of the criminal case.

In the criminal matter, *United States v. James Merrill and Carlos Wanzeler*, No. 14-CR-40028-TSH, on October 24, 2016, defendant James Merrill pleaded guilty to the charges in the

superseding indictment, with the exception of money laundering charges (which the government anticipates dismissing at Mr. Merrill's sentencing hearing). Merrill's sentencing hearing occurred on March 22, 2017, at which he was sentenced to six years in prison. Judge Hillman, however, did not address restitution matters at that hearing; a restitution hearing is scheduled for May 24, 2017.

Respectfully submitted,

WILLIAM WEINREB
Acting United States Attorney

By: /s/ Andrew Lelling
Andrew E. Lelling
Neil J. Gallagher, Jr.
Assistant U.S. Attorneys

Date: April 20, 2017

CERTIFICATE OF SERVICE

I hereby certify that this document, filed through the ECF system, will be sent electronically to the registered participants as identified on the Notice of Electronic Filing, and paper copies will be sent to those indicated as non-registered participants, on April 20, 2017.

/s/ Andrew Lelling